Alberta Home Mortgage Corporation

Annual Report March 31, 1982

Alberta
HOME MORTGAGE CORPORATION

Annual Report

for the year ended March 31, 1982

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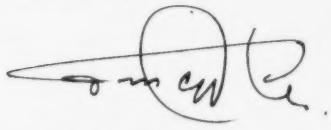
Letters of Transmittal

To the Honourable Tom Chambers
Chairman, Members of the Alberta Home Mortgage Corporation

Sir:

I have the honour to submit herewith the annual report of the Alberta Home Mortgage Corporation.

I have the honour to be, Sir,
Yours truly,



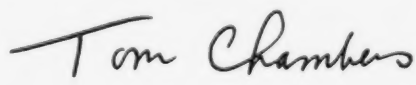
Joseph M. Engelman
President, Alberta Home Mortgage Corporation

To His Honour Frank Lynch-Staunton
Lieutenant-Governor of the Province of Alberta

Sir:

I have the honour to present herewith, for the information of Your Honour and of the Legislature of Alberta, the annual report of the Alberta Home Mortgage Corporation, covering the period from April 1, 1981 to March 31, 1982.

I have the honour to be, Sir,
Your obedient servant,



Tom Chambers, P.Eng.,
Minister of Housing & Public Works and Chairman,
Members of the Alberta Home Mortgage Corporation

Message from the Chairman

The 1981-82 fiscal year was another remarkable one for the Provincial Government in stimulating the supply of affordable housing throughout Alberta. The Alberta Home Mortgage Corporation played an integral part in the success of the Government's efforts.

Again in 1981/82 the Provincial Government's financial commitment to housing, mainly through debentures from the Alberta Investment Division of the Alberta Heritage Savings Trust Fund, was unparalleled throughout Canada. More than two-thirds of the Government's total financial commitment, or approximately $1 billion, was allocated through lending programs provided by the Alberta Home Mortgage Corporation. The Corporation's lending activities in 1981/82 were split about evenly between home ownership, $487 million, and rental programs, $481 million.

The major initiative of the Corporation's home ownership lending was the Alberta Family Home Purchase Program. It alone accounted for $477 million or 98 percent of the total home ownership financing provided by AHMC in 1981/82. This record level of mortgage financing was highly encouraging for the building industry and the Provincial Government as it gave rise to the fact that Albertans remained confident enough in the economy of our province that they continued to enter the home ownership market at a steady pace.

The typical mortgagor financed under the Alberta Family Home Purchase Program in 1981/82 was married, earned $24,000 per year, was between 25 and 35 years old and had one dependent child. In addition, these typical mortgagors secured their Alberta Family Home Purchase Program loans at an average effective interest rate of 12.5 percent or less. These general characteristics bear out the success of the Alberta Home Mortgage Corporation in providing modest income families with mortgage assistance — a key objective of the Government and AHMC.

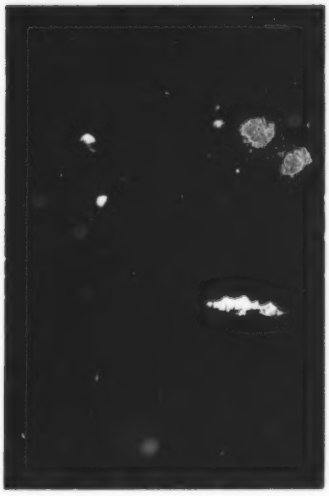
In addition to home ownership lending programs, the Corporation also committed $481 million to financing 9,327 rental units throughout the province. More than two-thirds of these units, approximately 6,300, were financed under the Core Housing Incentive Program (CHIP). Half of all these CHIP units are subsidized to bring rents down to a more affordable level for modest income Albertans. Close to 38 percent of all subsidized units are occupied by families and another 24 percent are rented to senior citizens. This stimulation of construction of rental units through CHIP was achieved through loans to developers of about $327 million.

The Residential Land Development and Revolving Trunk Servicing Programs, which assisted developers and municipalities to undertake the development of new subdivisions around the province, rounded out the Corporation's lending activities in 1981/82 with a combined loan amount of $32 million.

This past fiscal year was an extremely rewarding one for the Provincial Government in its bid to ensure an adequate supply of affordable accommodation for modest income Albertans. For the first time in several years vacancy rates, reported near year end, represented a healthy proportion of supply. Through continued commitment in the coming fiscal year, the shelter needs of many more Albertans will be assured.

T.W. Chambers, P.Eng.
Chairman

Standing: Mr. J.M. Engelman, President and Vice Chairman
Seated: Hon. T.W. Chambers, Chairman, Minister of Housing & Public Works



Message from the President

This past year has been a milestone for Alberta Home Mortgage Corporation. There were many 'firsts' for the Corporation, and I believe that we responded effectively, while experiencing the greatest volume of new loan business ever in a single fiscal year. As well, we achieved a 36% growth in the Corporation's total loan portfolio.

By the end of March, we had approved loans on a total of 8,000 units through the Alberta Family Home Purchase Program. This is consistent with the volume of loans approved in 1981, and is more than double the number of loans we had processed during the 1980 fiscal year.

Our Core Housing Incentive Program budget of 6,300 units was exhausted by June 15, 1981. Never before had there been such a large up-take under the program. This total was an increase of 1,600 units over our 1981 fiscal year, and is approximately three and a half times greater than the demand for the program during the 1980 fiscal year.

There was such a need and demand for financing under the Alberta Family Home Purchase Program and Modest Apartment Program, that in October we requested and were granted, an additional $200 million from the Province, to be added to our capital budget.

A significant aspect of the Corporation's overall profit and loss figures for the year, and perhaps the least understood, is the amount of subsidy dollars required to make our programs viable and effective. AHMC actually provides subsidies in two ways.

Firstly, the Corporation provides direct subsidies, through the Alberta Family Home Purchase Program, to reduce monthly mortgage payments for its homeowner borrowers. The total of these subsidies for the fiscal year was $19,093,000. In addition to these direct subsidies, we provide assistance to most of our borrowers in both rental and home ownership programs by charging less than the available market interest rate on loans. Subsidies provided in this manner totalled $25,485,000, and included in this figure is the cost of maintaining affordable rental rates in some 10,000 rent-regulated units under the Core Housing Incentive Program.

The significant increase in subsidy dollars expended by AHMC over the last year (see chart on page 35) was caused by high market interest rates, the resulting high cost of funds

to the Corporation, and of course the large increase in the size of the total loan portfolio. Market interest rates in April 1981 were 16%. They remained high throughout the year, reaching a peak of about 21.75% in September. The net result of these high interest rates is that more subsidy dollars are required in order to keep housing affordable for the AHMC client group.

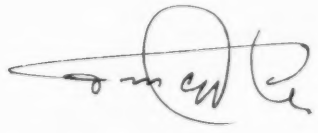
The capital funding required for the Corporation was provided by the Alberta Heritage Savings Trust Fund. All subsidy dollars in excess of AHMC's profit on its lending programs were funded from the general revenue fund by the Government of Alberta.

Another significant highlight of this past year was the re-organization of our corporate structure. Although the planning was done during our 1980/81 fiscal year, the actual changeover was implemented this year.

We separated all the assorted functions of AHMC into four distinct sections, with each section consisting of various departments. As you read on further in this report, you'll see that we've summarized and explained each of these sections.

Although the restructuring was productive and valuable to the inner workings of the Corporation, it was assuredly a very trying and anxious time. Coping with a massive change of this sort required a lot of patience, understanding and hard work for everyone involved. But, with the co-operation of all of the employees, the changeover happened as smoothly and as easily as possible.

On this note, I would again like to thank the entire AHMC staff for another great year of hard work and effort. We processed a large volume of loans last year, and as usual, the AHMC personnel did a very good job. Their efforts never go unnoticed, however this was an outstanding year, and they can rightfully feel proud.



Joseph M. Engelman
President, Alberta Home Mortgage Corporation

Seated, left to right: D Smith, chaplain; J Bryant, RB Gore, K Campbell
Standing, left to right: TW Chambers, C Wright, AM [illegible], MD Rembert, WAE Saunders
Missing: AE Collins

Members of the Corporation as of March 31, 1982

Hon. T.W. Chambers, Chairman
Minister of Housing & Public Works

Mr. J.M. Engelman
President and Vice-Chairman

Mr. M.D. Rasmusson
Deputy Minister, Housing
Department of Housing & Public Works

Mr. A.F. Collins
Deputy Provincial Treasurer

Mrs. K. Campbell
Corporate Secretary

Mr. J. Bagan

Mr. R.B. Gair

Mr. W.A.B. Saunders

Mrs. D. Sutherland

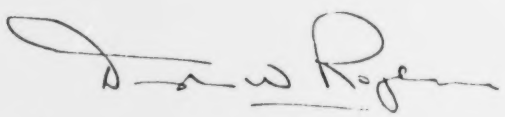
Mr. C. Wright

Auditor's Report

To the Members of the
Alberta Home Mortgage Corporation

I have examined the balance sheet of the Alberta Home Mortgage Corporation as at March 31, 1982 and the statements of revenue and expenditure and changes in financial position for the year then ended. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, these financial statements present fairly the financial position of the Corporation as at March 31, 1982 and the results of its operations and changes in its financial position for the year then ended, in accordance with the disclosed basis of accounting described in Note 2 to the financial statements applied, except for the change in the method of computing Mortgage Insurance Fund premiums earned as explained in Note 2 B (i), on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
June 15, 1982

Balance Sheet

as at March 31, 1982
(thousands of dollars)

Assets	1982	1981
Operating Fund		
Deposits in trust (Note 4)	$ —	$ 25
Accounts receivable	76	95
Due from Mortgage Insurance Fund	2,338	1,456
Mortgages and loans receivable, including accrued interest	2,051,472	1,248,907
Furniture and equipment	1,486	692
Total Operating Fund assets	2,055,372	1,251,175
Mortgage Insurance Fund		
Deposits in trust (Note 4)	20,009	10,458
Accrued interest receivable	413	381
Claim receivable	—	31
Real estate acquired on settlement of claims, at lower of cost or net realizable value	1,083	1,153
Investments, at cost (approximate market value: 1982 $8,757; 1981 $8,984) (Note 5)	12,150	11,601
Total Mortgage Insurance Fund assets	33,655	23,624
	$2,089,027	$1,274,799

The accompanying notes are part of these financial statements.

Statement A

Liabilities and Reserve	**1982**	**1981**
Operating Fund		
Bank indebtedness	$ 11,926	$ 24,249
Accounts payable	685	392
Commitment deposits payable	1,605	2,438
Accrued interest payable	121,079	58,926
Property tax deposits on mortgages, including accrued interest	13,621	8,667
Long-term debt, Schedule 2	1,903,210	1,154,374
Deferred Province of Alberta contributions (Note 6)	1,760	1,437
Contributed surplus	1,486	692
Total Operating Fund liabilities	2,055,372	1,251,175
Mortgage Insurance Fund		
Due to Operating Fund	2,338	1,456
Reserve:		
Balance at beginning of year	22,168	15,286
Mortgage insurance premiums collected	9,277	5,065
	31,445	20,351
Less: Mortgage insurance premiums earned (Note 2 B(i))	128	—
	31,317	20,351
Excess of revenue over expenditure, Statement C	3,539	1,817
	34,856	22,168
Less: Transfer to Operating Fund	3,539	—
Balance at end of year	31,317	22,168
Total Mortgage Insurance Fund liability and reserve	33,655	23,624
	$2,089,027	$1,274,799

Statement B

Statement of Revenue and Expenditure – Operating Fund

for the year ended March 31, 1982
(thousands of dollars)

Revenue	**1982**	**1981**
Interest earnings:		
Mortgages and loans receivable (Note 3)	$160,697	$ 89,930
Short-term investment income	590	160
	161,287	90,090
Transfer from Mortgage Insurance Fund	3,539	—
Application fees	1,092	664
Mortgage payout charges	295	355
Other revenue	214	410
Total revenue	166,427	91,519
Expenditure		
Interest expense:		
Interest on long-term debt	191,101	94,572
Bank and other interest	998	2,153
	192,099	96,725
Administration expenses, Schedule 1	10,605	7,152
Total expenditure	202,704	103,877
Excess of expenditure over revenue	$ 36,277	$ 12,358
Contributions by the Province of Alberta (Note 6)	$ 36,277	$ 12,358

Statement C

Statement of Revenue and Expenditure – Mortgage Insurance Fund

for the year ended March 31, 1982
(thousands of dollars)

Revenue	**1982**	**1981**
Interest	$3,587	$2,008
Premiums earned	128	—
	3,715	2,008
Expenditure		
Losses on claims incurred	176	191
Excess of revenue over expenditure	$3,539	$1,817

Statement D

Statement of Changes in Financial Position

for the year ended March 31, 1982
(thousands of dollars)

Operating Fund	**1982**	**1981**
Cash Provided		
Debentures issued – Province of Alberta	$800,000	$435,000
Contributions from the Province of Alberta	36,600	13,146
Increase in liabilities	66,567	25,208
Decrease (increase) in other assets	19	(67)
	903,186	473,287
Cash Applied		
Excess of expenditure over revenue for the year	36,277	12,358
Repayment of debentures – Province of Alberta	51,164	29,679
Net increase in mortgages and loans receivable	802,565	474,366
Increase (decrease) in amount due from Mortgage Insurance Fund	882	(238)
	890,888	516,165
Net increase (decrease) in cash	$ 12,298	$ (42,878)
Represented by:		
Decrease (increase) in bank indebtedness	$ 12,323	$ (21,215)
(Decrease) in deposits in trust	(25)	(21,663)
	$ 12,298	$ (42,878)
Mortgage Insurance Fund		
Cash Provided		
Excess of revenue over expenditure	$ 3,539	$ 1,817
Mortgage insurance premiums collected, net of premiums earned	9,149	5,065
Proceeds from sale of real estate	1,370	1,350
Increase (decrease) in amount due to Operating Fund	882	(238)
	14,940	7,994
Cash Applied		
Purchase of investments	549	1,390
Transfer to Operating Fund	3,539	—
Real estate acquired on settlement of claims, net of current year reserve	1,300	1,153
Increase in other assets	1	34
	5,389	2,577
Net increase in cash	$ 9,551	$ 5,417
Represented by:		
Increase in deposits in trust	$ 9,551	$ 5,417

Note 1
Authority
The Alberta Home Mortgage Corporation operates under the authority of the Alberta Home Mortgage Corporation Act, Chapter A-28, Revised Statutes of Alberta, 1980.

Note 2
Significant Accounting Principles
These financial statements have been prepared in accordance with generally accepted accounting principles except for the principle noted below under Operating Fund.

A) Operating Fund

Fixed assets
Purchases of fixed assets are charged to operations in the year of purchase and gross proceeds on disposal are recorded as revenue. Furniture and equipment are shown on the balance sheet at original cost with the offsetting credit to contributed surplus. Other fixed assets are not capitalized.

B) Mortgage Insurance Fund

(i) *Premiums earned*
Commencing April 1, 1981, on a prospective basis, premiums on all new loans committed are recognized in income at rates estimated to be substantially in proportion to the related risks assumed by the Corporation, computed using the sum of years digits method over the life of the related loan. This policy is not being applied retroactively due to the fact that as expressed in Note 2 B (ii) no transfers were being made to the Operating Fund.

(ii) *Transfers to Operating Fund*
Commencing April 1, 1981, the excess of revenue over expenditure has been transferred to the Operating Fund.

Note 3
Mortgage Subsidies
Effective April 1, 1981 on a retroactive basis the Corporation discontinued recording in the Statement of Revenue and Expenditure – Operating Fund subsidies stipulated in mortgage agreements. The impact of this change on the Statement of Revenue and Expenditure – Operating Fund is to reduce interest earnings and eliminate subsidies in the amount of $19,093,000 (1981 $7,854,000) with no change in the excess of expenditure over revenue for the year.

Note 4
Deposits in Trust
Deposits in trust consist of deposits in the Consolidated Cash Investment Trust Fund of the Province of Alberta.

Note 5
Investments
Investments are summarized as follows:

	1982 Par Value	1982 Cost	1981 Cost
	(thousands of dollars)		
Bonds and debentures:			
Government of Canada	$ 7,400	$ 7,370	$ 7,367
Provincial issues, direct and guaranteed	4,800	4,780	4,234
	$12,200	$12,150	$11,601
1981 par value	$11,650		

Note 6
Deferred Province of Alberta Contributions
The unexpended portion of contributions received from the Province of Alberta has been deferred to cover future operating deficits.

	1982	1981
	(thousands of dollars)	
Balance at beginning of year	$ 1,437	$ 648
Contributions received	36,600	13,147
	38,037	13,795
Excess of expenditure over revenue	36,277	12,358
Balance at end of year	$ 1,760	$ 1,437

Note 7
Commitments
The Corporation has commitments totalling $544,834,000 (1981 $365,899,000) with respect to unadvanced amounts on approved mortgages and loans.

Note 8
Comparative Figures
The 1981 figures have been restated where necessary to conform to 1982 presentation.

Note 9
Approval of Financial Statements
These financial statements were approved by management on June 15, 1982.

Schedule of Administration Expenses

Schedule 1

for the year ended March 31, 1982
(thousands of dollars)

	1982	1981
Salaries and employee benefits	$ 6,474	$4,195
Office equipment and supplies	1,405	700
Rent	704	472
Travelling, moving allowances and conferences	592	356
Professional fees	442	705
Leasehold improvements	303	128
Telephone, telegraph and postage	225	142
Office equipment rentals	206	175
Advertising	93	141
Grants in lieu of business taxes	42	37
Remuneration to board members	16	11
Insurance	14	11
Other	89	79
	$10,605	$7,152

Schedule of Long-Term Debt

Schedule 2

as at March 31, 1982
(thousands of dollars)

Particulars	Year of maturity	Weighted average interest rate	Principal outstanding 1982	Principal outstanding 1981
Debentures payable –				
Province of Alberta	1988	9.30%	$ 126,162	$ 138,482
	1989	10.25%	170,441	184,322
	1990	12.70%	327,888	347,157
	1991	13.11%	23,678	25,000
	2001	16.13%	748,947	100,000
	2002	16.86%	150,000	—
	2006	9.71%	185,027	186,755
	2007	9.25%	120,634	121,778
	2008	9.40%	50,433	50,880
			$1,903,210	$1,154,374

Note 1
All debentures are repayable in equal blended payments of principal and interest. Actual interest rates vary from 9.05% to 18.30%.

Note 2
Aggregate principal repayments due in each of the next five fiscal years are:

1982 - 1983	$ 62,466
1983 - 1984	69,933
1984 - 1985	78,329
1985 - 1986	87,773
1986 - 1987	98,402
Thereafter	1,506,307

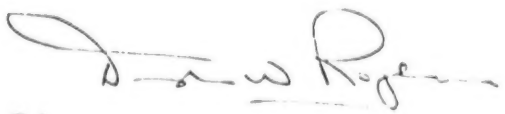
Note 3
The repayment of principal and interest on any borrowings of the Corporation is guaranteed by the Province of Alberta under section 18(1) of the Alberta Home Mortgage Corporation Act.

Auditor's Report

To Members of the
Alberta Home Mortgage Corporation

I have examined the schedule of effective mortgage subsidies on mortgages issued by Alberta Home Mortgage Corporation for the year ended March 31, 1982. My examination was made in accordance with generally accepted auditing standards, and accordingly included such tests and other procedures as I considered necessary in the circumstances.

In my opinion, this schedule reflects the effective mortgage subsidies of the Corporation for the year ended March 31, 1982 in accordance with the calculation described in Note A to the schedule applied on a basis consistent with that of the preceding year.



C.A.
Auditor General

Edmonton, Alberta
August 11, 1982

Schedule of Effective Mortgage Subsidies

for the year ended March 31, 1982
(thousands of dollars)

	1982	1981
Alberta Family Home Purchase Program	$28,594	$10,397
Core Housing Incentive Program	15,984	5,810
	$44,578	$16,207

Note A
Mortgage Subsidies

The Corporation normally provides mortgage financing at or near prevailing mortgage interest rates, however, during certain periods of time and under certain lending programs, mortgages have been provided at lower rates. The calculation of interest subsidies is based on the difference between the prevailing interest rate (the lowest five year NHA rate available from five specified chartered banks) at the date the mortgage is issued and the reduced rate stipulated in the mortgage agreement applied to the monthly average balance.

The Corporation also subsidizes mortgages by providing for mortgage payment reductions, based on the income level of the mortgagor. The calculation of the mortgage payment subsidies is based on the amounts stipulated in the mortgage reduction agreements.

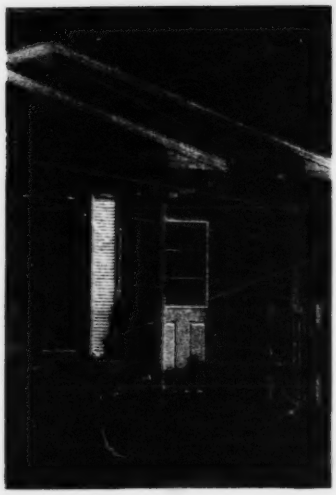
Note B
Mortgage Subsidies by Program

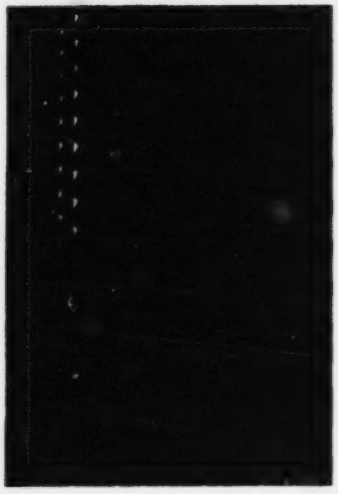
Alberta Family Home Purchase Program mortgage loans have been provided during the year at interest rates from ¼% to 4½% (1981 0% to 3¾%) below prevailing mortgage interest rates, resulting in a total interest subsidy of $9,501,000 (1981 $2,543,000). Subsidies totalling $19,093,000 (1981 $7,854,000) were also provided as a result of mortgage payment reductions.

Core Housing Incentive Program mortgage loans have been provided at rates from 7¼% to 13% (1981 4¼% to 8¼%) below prevailing mortgage interest rates, resulting in a total interest subsidy of $15,984,000 (1981 $5,810,000).

Lending Operations

Meeting the public and processing loans are all a part of the Lending Operations function. Albertans are assured of a cheerful welcome at any one of the seven AHMC regional offices.





Anyone applying for a mortgage through one of the AHMC programs, has probably met at least one of the staff members from the Lending Operations section. This is the area of the Corporation that works directly with the public, in both a business development function and on an individual basis.

These employees handle most of the AHMC programs and work closely with the applicants. Each and every loan application is processed in one of the seven AHMC offices located throughout the province.

Potential mortgagors receive their application forms, and contact is established with an AHMC Loans Officer. The Loans Officer reviews all of the information submitted to the Corporation and ensures that every application is accurate, complete and eligible according to the various program guidelines.

The approval process is a vital function of Lending Operations. All of the forms submitted by the applicants are carefully reviewed and the details verified. Assessments are made on the applicant's credit worthiness and potential, as well as the actual property. Providing that all of the documentation is acceptable and meets the program guidelines, loan approval is granted.

Lending Operations employees then work with solicitors to ensure that the proper AHMC security is registered on the title to the property so advancement of funds can begin.

The branches handle all of the loan files until the mortgage is fully advanced and on a repayment schedule. A major responsibility lies in ensuring that the new mortgagors understand the commitment AHMC will be asking of them and that all loans have sufficient security.

Removed from public contact, but also important to the Lending Operations area is the Audit team. This department checks to ensure that the branch offices are processing, approving and securing loans in accordance with the various program policies and guidelines, on a consistent basis throughout the province.

The 1981/82 fiscal year meant a great increase in the volume of loans processed by Lending Operations. As the chart illustrates on page 24, uptake for the rental programs was tremendous last year. This is particularly true for the Modest Apartment Program which saw an all-time high of 1,913 rental units, up by 1,633 units over last year.

The homeownership programs show a slight increase over last year, however these figures are still very significant in light of the economy. Provincial ownership starts totalled 18,128 this year, which was down by 2,947 units over the last year. However, the Alberta Family Home Purchase Program can be credited with encouraging 30.7% of these starts or a total of 5,568 units. In fact, it was necessary to have an additional 1,850 units allocated to the program in October 1981.

These statistics are a reflection of a very busy year for the Corporation. The Lending Operations section has made a direct contribution to all of the families and individuals now enjoying their first home, or perhaps, a subsidized apartment that helps to relieve the worry of finding affordable rental accommodation.

Lending Operations Executive

Terry Fikowski
Vice-President, Lending Operations

Ed Kinsman
Director of Lending, Edmonton

Pat Morkin
Director of Lending, Calgary

Wayne Wendell
Director of Lending, Area Branch Offices

Elizabeth Maginn
Manager, Lending Operations Audit

Schedule of funds committed by region

	Year Ended March 31, 1982		Year Ended March 31, 1981	
	Units	**$'000**	**Units**	**$'000**
Provincial Totals[1]		1,000,481		752,469
Total No. of Housing Units	17,553		13,578	
Total No. of Mobile Home Stalls	0		397	
Total No. of Residential Lots	845		681	
Calgary Loan Commitments		388,281		277,355
Total No. of Housing Units	6,552		4,803	
Total No. of Mobile Home Stalls	0		131	
Edmonton Loan Commitments		399,257		342,707
Total No. of Housing Units	7,295		6,134	
Total No. of Mobile Home Stalls	0		0	
Fort McMurray Loan Commitments		23,258		6,931
Total No. of Housing Units	406		140	
Total No. of Mobile Home Stalls	0		0	
Grande Prairie Loan Commitments		20,220		23,187
Total No. of Housing Units	425		467	
Total No. of Mobile Home Stalls	0		106	
Lethbridge Loan Commitments		57,165		55,767
Total No. of Housing Units	1,149		1,170	
Total No. of Mobile Home Stalls	0		0	
Medicine Hat Loan Commitments[2]		17,906		N/A
Total No. of Housing Units	349		N/A	
Total No. of Mobile Home Stalls	0		N/A	
Red Deer Loan Commitments		62,022		46,522
Total No. of Housing Units	1,377		864	
Total No. of Mobile Home Stalls	0		160	

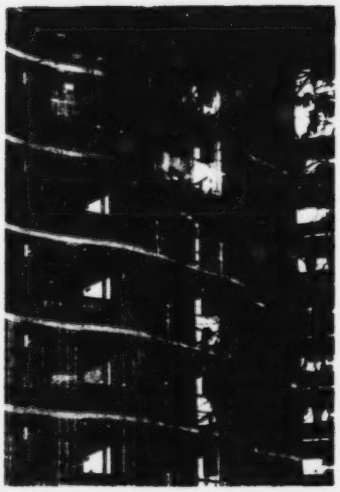
Notes

1. Statistics for the Residential Land Development Program and the Revolving Trunk Servicing Program are included in the Provincial Totals. These two programs are administered through the Land Programs Department of Head Office; therefore, statistics on these programs are not included in the Branch Office totals.
2. The Medicine Hat Office opened on July 15, 1981. Prior to that time, statistics for this area were included in the Lethbridge and Calgary statistics.

Schedule of funds committed under each program

	Year ended March 31, 1982			Year ended March 31, 1981		
	No. of units	Average loan amount per unit	Total loan amount $'000	No. of units	Average loan amount per unit	Total loan amount $'000
Homeownership Programs:						
Alberta Family Home Purchase Program	7,990	59,690	476,923	7,928	55,958	443,635
Farm Home Lending Program	15	41,667	625	15	36,533	548
Rural & Native Housing Program	221	41,267	9,120	84	50,298	4,225
Total Homeownership Programs	8,226	59,162	486,668	8,027	55,862	448,408
Rental Programs:						
Core Housing Incentive Program	6,319	51,726	326,857	4,721	47,605	224,742
Modest Apartment Program	1,913	48,821	93,394	280	25,696	7,195
Nursing Home Financing Program	300	52,127	15,638			
NHA Non-Profit	795	57,298	45,552	550	59,547	32,751
Total Rental Programs	9,327	51,618	481,441	5,551	47,683	264,688
Total Housing Units	17,553	55,153	968,109	13,578	52,518	713,096
Residential Land Development - Lots	845	19,968	16,873	681	15,047	1,247
Mobile Home Park - Stalls				397	9,733	3,864
Revolving Trunk Servicing Program			15,499			25,262
Total All Programs	18,398		1,000,481	14,656		752,469

Architects, appraisers and engineers are just a sampling of the highly trained people working in this section. Program Development and Technical Services provides specialized assistance to all departments in the Corporation.



Highly specialized, this section of AHMC provides a wide range of professional and technical services to all departments in the Corporation.

The Appraisal Department is one of these technical areas. Appraisals are done on all of the projects or residences financed by AHMC to ensure that the Corporation's loans are adequately secured. Over 19,000 units were appraised by this department last year.

Design and Construction is the department responsible for quality control and final approval of all working drawings. Each and every new construction project funded by AHMC is subject to an architect's or inspector's scrutiny. All work in progress is closely monitored and must comply with all program guidelines and statutory building codes. Design and Construction performed approximately 33,000 site inspections during the past fiscal year.

The Engineering Department provides technical expertise for the Revolving Trunk Servicing, Residential Land Development and Mobile Home Park Development programs. Preliminary projects are studied to determine their feasibility and anticipated project costs are evaluated to ensure that they fairly represent the proposed projects. An ongoing monitoring of all projects under construction ensures quality control and establishes the level of funds to be advanced in accordance with the completed work.

Any application submitted for either the Residential Land Development or Revolving Trunk Servicing programs are directed to the Land Development area. This department works closely with the developers and municipalities who are planning projects and applying for AHMC funds to develop serviced land.

Ensuring that the required documentation is received for the Corporation requires close liaison with solicitors, consulting firms and planning commissions. Land Development will either reject the applications or recommend them for AHMC approval. Upon approval, this department will continue the ongoing administration of the loans. During the fiscal year, Land Development committed $32.3 million through its programs.

The Program Development area provides a continual evaluation of AHMC's programs while maintaining an awareness of the province's housing and mortgage markets. Structured as a resource and research department for the entire Corporation, Program Development contains two specialty areas. One of these is the Procedures area, which is responsible for the production of all the AHMC manuals and forms, and the implementation of any new program procedures.

Communications is the other specialty area. All internal and external public relations matters are co-ordinated or implemented from this department.

Program Development and Technical Services Executive

Trevor Edwards
Vice-President, Program Development and Technical Services

Tom Cameron
Director, Land Programs

David Edey
Director, Program Development

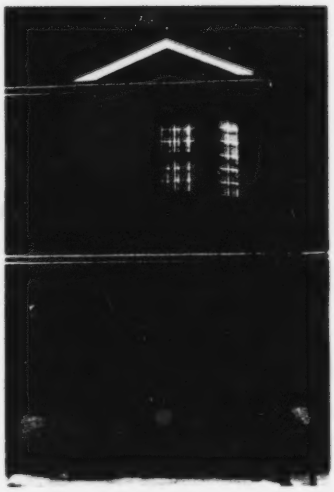
Dale James
Head of Engineering

Vimal Sarin
Director of Design and Construction

Jim Vermette
Director of Appraisal

Design and Construction - statistics

	Year ended March 31, 1982	Year ended March 31, 1981
Number of inspections	32,924	27,328
Number of plan examinations	3,464	2,963
Number of plan reviews by architects	339	375
Number of site visits by architects	177	112



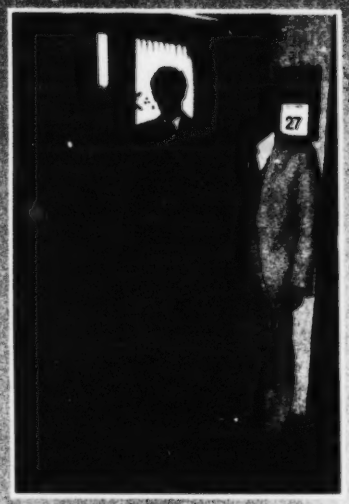
Appraisal volume summary

	No. of Projects	No. of Units	Dollar Value $'000
Year ended:			
March 31, 1980	3,576	7,198	357,910
March 31, 1981	5,820	18,579	997,841
March 31, 1982	5,795	19,051	1,114,586

Schedule of funds committed - Land Development Programs

	Residential Land Development Program			Revolving Trunk Servicing Program
	No. of lots	Average loan amount per lot	Total loan amount $'000	Total amount committed $'000
Year ended:				
March 31, 1978	145	1,028	149	—
March 31, 1979	243	7,251	1,762	—
March 31, 1980	439	7,929	3,481	34,664
March 31, 1981	681	15,047	10,247	25,262
March 31, 1982	845	19,968	16,873	15,499

Loans Administration



Once a mortgage is placed on repayment it becomes the responsibility of Loans Administration. This section consists of three busy departments, all dedicated to the efficient supervision of the Alberta Home Mortgage Corporation mortgage portfolio.

As the name suggests, the Loans Administration section is responsible for the daily supervision of the AHMC mortgage portfolio.

Once a loan has had all funds advanced and is on a repayment schedule, it is turned over to the Customer Service Department. This area is responsible for the day-to-day servicing of the AHMC loans. The specific functions of the department include statements of account information, processing of the Pre-Authorized Chequing and Cash Payments, releasing of the proper security when a mortgage is discharged, payment of taxes on AHMC-mortgaged properties and all mortgage renewals. Customer Service also reviews subsidy re-eligibility according to program policies, and approves further assistance. As of March 31, 1982, AHMC had a portfolio of 30,530 loans for a total outstanding balance of more than 2 billion dollars.

The Collections and Property Management Department is responsible for monitoring mortgage payments, the collection of overdue accounts and, when necessary, implementing legal proceedings.

The property management function on foreclosed properties is also the responsibility of this department. When a title to a property is acquired, an inspection and an appraisal are initiated and a sale price is determined. The property is then listed and sold as soon as an acceptable Offer to Purchase is received. During the 1981/82 fiscal year, while 1,165 loans were placed in arrears, AHMC was forced to foreclose or accept quit claims on only 23 mortgages. As a percentage of the Corporation's total loan portfolio, this is a positive reflection on the quality of loans AHMC has made.

Alberta Home Mortgage Corporation has several specialized lending programs which come under the guidelines of the Special Programs Department. This department serves as AHMC's liaison with the Alberta Housing Corporation and Canada Mortgage and Housing Corporation concerning the Rural and Native and Municipal Non-Profit programs.

Special Programs is totally responsible for the On-Reserve Housing Program. This program is again implemented in conjunction with CMHC, while AHMC takes on the role of the lender. All aspects of loan approval, implementation and administration are handled by this department.

Loan criteria for the Core Housing Incentive Program require that rental rates on 50% of the units be controlled by AHMC. Consequently, those tenants qualifying for subsidized suites are required to meet specific income guidelines. Special Programs conducts an annual audit of the CHIP projects to ensure that these guidelines have not been violated. At the end of March, 1982 there were 4,442 rent-regulated units requiring this supervision.

All AHMC-mortgaged properties and corporate assets must be adequately insured, which is another responsibility of Special Programs. The department also acts as the insurance representative for the Corporation and must approve all changes to policy requirements.

Loans Administration Executive

Lawrence Penney
Executive Director, Loans Administration

Clarence Bereska
Manager, Special Programs

Don Davis
Manager, Collections and Property Management

Colin MacGillivray
Manager, Customer Service

Schedule of units provided by year

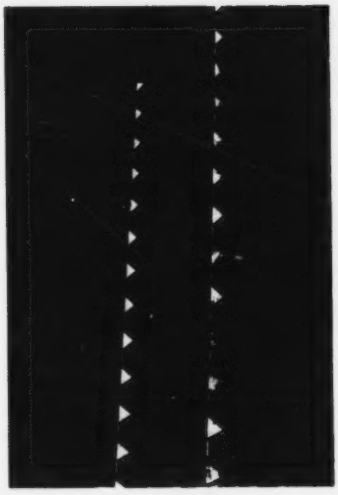
For the period from January 1, 1971 to March 31, 1982

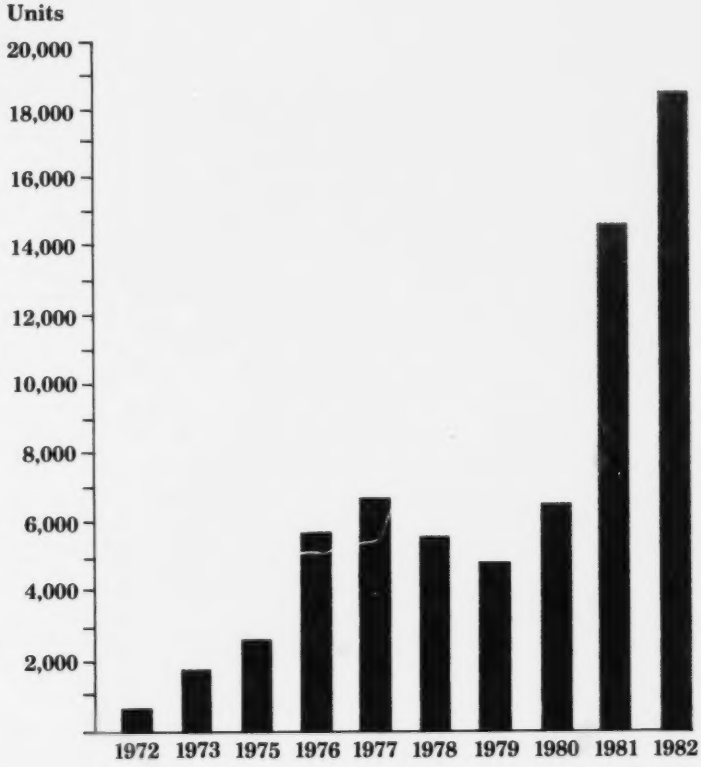
Year	No. of Units	% Increase (Decrease)
1972	644	—
1973	1,807	180.6
1975*	2,646	46.4
1976	5,723	116.3
1977	6,721	17.4
1978	5,601	(16.7)
1979	4,964	(11.4)
1980	6,576	32.5
1981	14,656	122.9
1982	18,398	25.5

*15-month period from January 1, 1974 to March 31, 1975.

Note:

All figures used in comparisons of mortgage lending activities for periods prior to April 1, 1976, pertain to programs of the Alberta Housing Corporation.

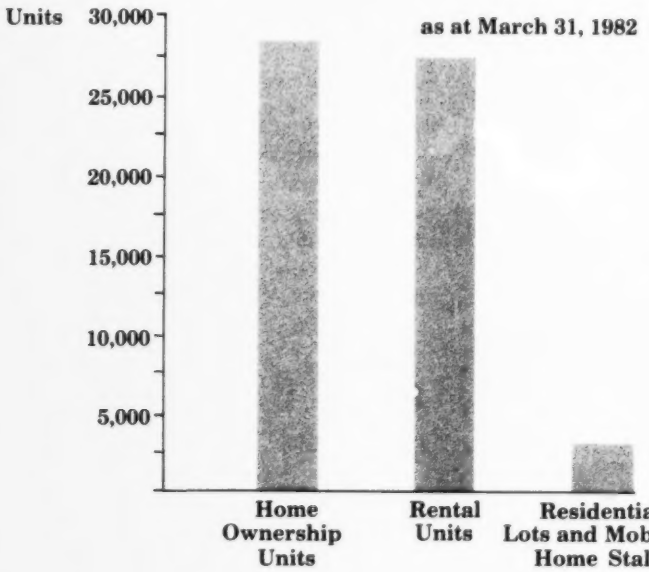




Schedule of loans outstanding

Municipality:	as at March 31, 1982 Number of municipalities	Balance outstanding $'000	Number of loans	as at March 31, 1981 Number of municipalities	Balance outstanding $'000	Number of loans
CITIES:						
Calgary		$557,153	8,122		$309,146	5.799
Camrose		13,357	259		7,426	179
Drumheller		5,510	111		4,196	99
Edmonton		617,028	7,628		339,858	5,296
Fort McMurray		122,444	1,426		112,686	1,349
Grande Prairie		49,574	510		34,266	410
Lethbridge		81,666	1,440		49,990	1,038
Lloydminster		2,969	55		2,271	42
Medicine Hat		60,656	1,170		41,477	850
Red Deer		76,105	947		42,371	666
St. Albert		9,703	238		6,757	146
Wetaskiwin		10,046	174		6,318	122
TOTAL CITIES:	12	$1,606,211	22,080	12	$956,763	15,996
Towns	108	374,629	6,574	97	224,825	4,570
Counties & Villages	111	32,197	818	100	35,507	1,051
Municipal Districts	46	29,897	800	47	23,352	635
Improvement Districts	17	8,538	258	20	8,460	208
TOTAL	294	$2,051,472	30,530	276	$1,248,907	22,460

Loan portfolio profile



Finance and Administration

The daily administration of Alberta Home Mortgage Corporation is handled by this section. Financial accounting, computer services, employee placement and general office management are just a few of the services performed.

The Finance and Administration section of Alberta Home Mortgage Corporation is broken into four distinct departments, with each department providing a service for the daily administration of the Corporation.

Two of these areas are the Personnel and Corporate Services departments. Personnel is responsible for the recruitment and placement of employees, training and development, wage and benefit administration and labour relations. At the end of March 1982, AHMC had a total of 292 employees, which was up by 70 people over last year.

Corporate Services also performs a vital function to AHMC. This area provides the management of general office services to all departments in the Corporation. A broad section of the duties provided by Corporate Services is the total purchasing for AHMC, the acquisition and transfer of fixed assets, shipping/receiving and security. Another mammoth task is the co-ordination and storage of all the AHMC loan files. This year, it meant storing, maintaining and securing well over 2 million documents, forms and information sheets pertaining to individual mortgages.

The Finance Department is responsible for ensuring that funds are available for the Corporation's capital and operating requirements and that there is proper accounting and control of all assets, liabilities and expenses. All of the information processed through Finance is done with the aid of word processing and electronic data processing systems. During the past year, Finance co-ordinated the development of an automated loan processing system for the branches and a cash receipts system.

The Systems Accounting section of Finance is responsible for the distribution and control of all input and output to both the Mortgage Accounting System and the General Ledger Accounting System. As well, this section co-ordinates all new automated system development and enhancements.

The Financial Accounting section of Finance provides collection and consolidation of all corporate financial information and is responsible for the timely distribution of operating reports, financial statements, analysis and related commentary.

The Systems Department co-ordinates the use of all data processing equipment and services, and makes certain that the necessary controls are undertaken to ensure that all information on the automated system is accurate. Proper measures are taken to provide security and confidentiality of automated systems on an ongoing basis.

During the past year, the Systems Department was heavily involved in the review and evaluation of electronic data processing alternatives which were necessary to meet the ongoing requirements of the Corporation. This resulted in the selection of a new computer hardware system which was installed during the later part of the year.

Finance and Administration Executive

Lorne Kublik
Vice-President, Finance and Administration

Stephen Kent, *Controller*

Lyle Dahl, *Director, Systems*

Tom Dunphy
Director, Personnel and Corporate Services

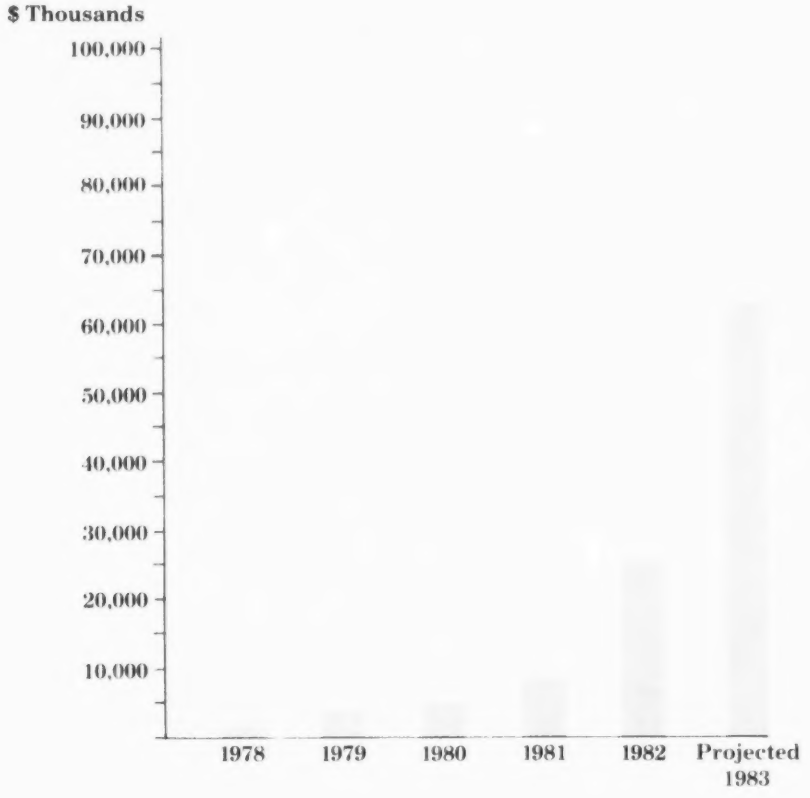
Schedule of subsidy expenses

(thousands of dollars)

	1978	1979	1980	1981	1982	Projected 1983
Total direct subsidy	858	1,139	2,047	7,854	19,093	42,400
Non-visible subsidy	1,810	3,682	4,881	8,353	25,485	62,500
Total subsidy provided	2,668	4,821	6,928	16,207	44,578	104,900

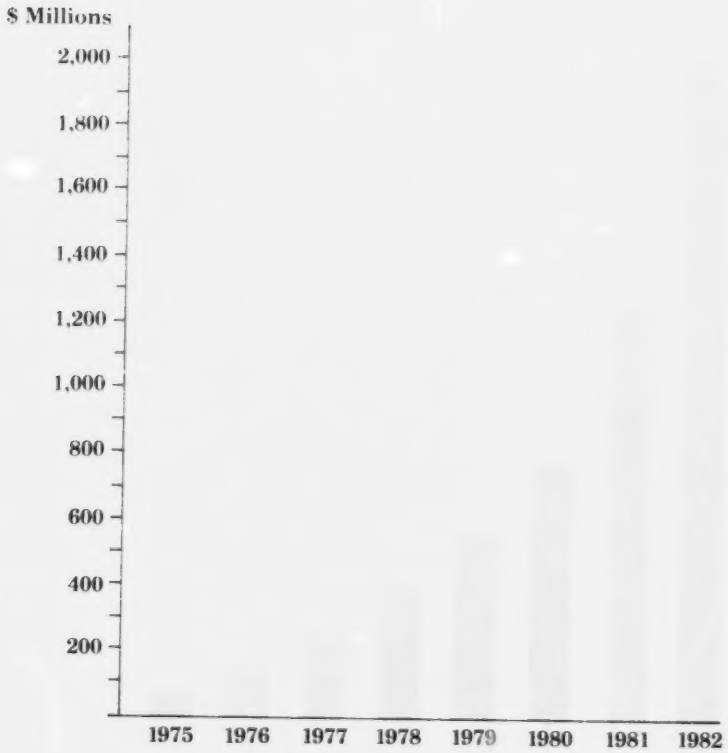
Note 1
Total Direct Subsidy
Actual dollar subsidy

Note 2
Non-Visible Subsidy
Interest rate subsidies resulting from AHMC's interest rate being lower than market interest rates.



Schedule of loans outstanding by year

As at:	No. of active accounts	Balance outstanding $'000	Change in balance outstanding $'000
March 31, 1975		$ 81,731	
March 31, 1976	7,563	146,491	+ $64,760
March 31, 1977	9,256	253,650	+ 107,159
March 31, 1978	10,763	401,433	+ 147,783
March 31, 1979	12,305	574,266	+ 172,833
March 31, 1980	15,224	774,540	+ 200,274
March 31, 1981	22,460	1,248,907	+ 474,367
March 31, 1982	30,530	2,051,472	+ 800,565



Corporate Offices

Branch Offices

10350 - 124 Street
Edmonton, Alberta
T5N 3V9

112 - 28 Street S.E.
Calgary, Alberta
T2A 6J9

#203, 10003 Biggs Avenue
Fort McMurray, Alberta
T9H 1S4

10020 - 102 Avenue
Grande Prairie, Alberta
T8V 0Z7

316 - 13 Street South
Lethbridge, Alberta
T1J 2V6

#101, 266 - 4th Street S.W.
Medicine Hat, Alberta
T1A 4E5

5913 Gaetz Avenue
Red Deer, Alberta
T4N 4C4

Head Office

#500, 112 Professional Centre
10050 - 112 Street
Edmonton, Alberta
T5K 2L7

Credits:
Feature Photography — Alberta Government Services
Design and Production — K.D. Chisholm Associates Ltd.
Printing — Reliable Printing Limited

Alberta
HOME MORTGAGE CORPORATION